



Budget Change Request

Change request information

Title Water & Sewer Utilities Rates & Taxes Adjustments - Unconsolidated
Number B-34-111 Department 34 - Public Works
Requester Amanda Landon
Published by Jay Saiki Publish Date 2023-08-26
Change Type Policy Change

Board outcome *(to be entered by budget after Board action)*

Board Decision

Board Changes

Funds affected

Fund 4340 - Grand Mound
General Fund Affected? No More Than One Fund Affected? Yes

Policy request priority and connection to the strategic plan

Priority # 0 Strategic Plan Healthy Natural and

Does this request include federal, state, or private grants?

Grant Funded? None

Grantor and timeframe

Does this request affect current positions or propose new positions?

HR Payroll e-mailed? No Position Impact None

Current position numbers affected

What do you need and why? Include any unexpected and external requirements.

Statement of Need

If 34-101 Utilities Consolidation is not approved, then this request is needed.

The Water & Sewer Utilities division is proposing consolidation of the utilities beginning in 2024 resulting in changes to the 2024 and 2025 proposed monthly base and water usage rates. Consolidation will combine the 7 separate utilities (4 sewer and 3 water) into 2 utilities (1 sewer and 1 water). As part of this consolidation, Thurston County will be moving towards a blended utility rate model, which is a 5-year plan to merge the rates by incrementally adjusting the separate service area rates to achieve one rate that applies to all service areas. In the long term, the consolidation will stabilize the rates and utility operations, improve financial strength, and provide administrative efficiencies. If the utility consolidation is not approved, each utility will require significantly higher rates to maintain financial solvency. For reference, the rates required under a consolidated utilities model have been provided on a separate policy level request.

The proposed rate changes for the separate utilities for 2024 and 2025 respectively are:

Boston Harbor Sewer - 8% increase | 8% increase
Boston Harbor Water - 9% increase | 9% increase
Tamoshan Sewer - 19% increase | 19% increase
Tamoshan Water - 52% increase | 25% increase
Grand Mound Sewer - 2% increase | 2% increase
Grand Mound Water - 2% increase | 2% increase
Olympic View Sewer - 44% increase | 4% increase

These adjustments, based on a rate study performed by the FCS Group, incorporate the rising costs of operating and maintaining the water and sewer utilities that are 100% rate funded. They also take into account future infrastructure needs.

An increase in the taxes budget is also included on this request as the expenses directly correlate to the rate revenue.

How will this change the performance of your office or department?

Statement of Need

The adjustments will provide the needed funding to maintain the level of service the customers need, to ensure compliance with regulatory requirements, and to make some contribution to the infrastructure reserve fund.

Expenditure, FTE and revenue assumptions plus current budget level

Assumptions

Rate adjustments were calculated by FCS Group, the consulting firm that has guided Thurston County Public Works with the implementation of the utilities consolidation. These rates are provided if the utilities are not consolidated.

The rate adjustments were calculated with the anticipated costs to operate and maintain the separate utilities as well as the anticipated long term infrastructure needs.

Current Budget Level

Current Boston Harbor sewer rate revenue is \$373,300. The request increases the budget to \$402,200 for 2025 and \$433,400 for 2025.
 Current Boston Harbor water rate revenue is \$228,500. The request increases the budget to \$249,100 for 2025 and \$271,500 for 2025.
 Current Tamoshan sewer rate revenue is \$211,800. The request increases the budget to \$251,000 for 2025 and \$297,400 for 2025.
 Current Tamoshan water rate revenue is \$126,000. The request increases the budget to \$191,500 for 2025 and \$239,400 for 2025.
 Current Grand Mound sewer rate revenue is \$1,637,000. The request increases the budget to \$1,686,100 for 2025 and \$1,736,700 for 2025.
 Current Grand Mound water rate revenue is \$1,215,600. The request increases the budget to \$1,252,100 for 2025 and \$1,289,700 for 2025.
 Current Olympic View sewer rate revenue is \$38,800. The request increases the budget to \$55,900 for 2025 and \$58,100 for 2025.

Current Boston Harbor sewer tax expenditure is \$13,144. The request increases the budget to \$14,200 for 2025 and \$15,300 for 2025.
 Current Boston Harbor water tax expenditure is \$12,763. The request increases the budget to \$13,900 for 2025 and \$15,200 for 2025.
 Current Tamoshan sewer tax expenditure is \$4,400. The request increases the budget to \$5,200 for 2025 and \$6,200 for 2025.
 Current Tamoshan water tax expenditure is \$6,825. The request increases the budget to \$10,400 for 2025 and \$13,000 for 2025.
 Current Grand Mound sewer tax expenditure is \$33,000. The request increases the budget too \$33,700 for 2025 and \$34,400 for 2025.
 Current Grand Mound water tax expenditure is \$58,900. The request increases the budget to \$60,100 for 2025 and \$61,300 for 2025.
 Current Olympic View sewer tax expenditure is \$950. The request increases the budget to \$1,370 for 2025 and \$1,420 for 2025.

What happens if this isn't funded? Are there other options?

Impacts and Alternatives

There are three alternatives:

One alternative would be to consolidate the utilities, resulting in blended/more sustainable rate model.

Another alternative would be to not consolidate the utilities and to have other County funds (e.g., general fund) contribute to the utilities, which is not feasible due to the many other demands on that funding.

The last alternative is not to adjust rates, which leaves the utilities underfunded and would result in substandard performance. Additional funding such as REET and grants will be utilized, as available, to fund capital projects.

How does this request affect other offices and departments?

Impact to Other Departments None

Which Other Departments are Affected?

Operating Transfer Needed? No

Operating Transfer Coding and Amount

Personnel Information

FTE	Number	Name	Start Date	End Date
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Operating Revenue Line Items

Org Code	Object Code	Object Description	Project Code	2024	2025
4200W890	343500	SEWER SERVICE		28,900	60,100.00

4200W896	343400	WATER SALES		20,600	43,000.00
4300W890	343500	SEWER SERVICE		39,200	85,600.00
4340W890	343500	SEWER SERVICE		85,100	155,800.00
4350W896	343400	WATER SALES		54,500	103,600.00
4400W896	343400	WATER SALES		65,500	113,400.00
4410W890	343500	SEWER SERVICE		17,100	2,200.00
			Total:	310,900.00	563,700.00

Capital Revenue Line Items

Org Code	Object Code	Object Description	Project Code	2024	2025
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Operating Expenditure Line Items

Org Code	Object Code	Object Description	Project Code	2024	2025
4200W810	544001	TAXES & OP ASSESSMENTS		1,056	2,156.00
4200W816	544001	TAXES & OP ASSESSMENTS		1,137	2,437.00
4300W810	544001	TAXES & OP ASSESSMENTS		800	1,800.00
4340W810	544001	TAXES & OP ASSESSMENTS		700	1,400.00
4350W816	544001	TAXES & OP ASSESSMENTS		1,200	2,400.00
4400W816	544001	TAXES & OP ASSESSMENTS		3,575	6,175.00
4410W810	544001	TAXES & OP ASSESSMENTS		420	50.00
			Total:	8,888.00	16,418.00

Capital Expenditure Line Items

Org Code	Object Code	Object Description	Project Code	2024	2025
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